

The Inyo National Forest is in the process of implementing the 2007 CUFFA 10-year appraisal cycle for recreation residence lots. A public informational meeting was held on Saturday, February 7, 2009, to allow permit holders to ask questions about the 10-year appraisal cycle process. Detailed notes were taken during this meeting and below are some commonly asked questions regarding the 10-year appraisal cycle process and how it will affect the recreation residence land use rental fees.

- Will the 2011 fee calculation be retroactive? No, the new fees associated with your 2007 appraisal will be implemented in 2011.
- Why did you wait to release the appraisal and begin discussions with permittees? CUFFA guidelines require that permit holders have 60 days to request a second appraisal; holding the meeting in February 2009 gave permit holders the maximum about of time, after attending the meeting, to determine if they want to obtain a second appraisal at their own cost.

What is the appraisal date and are there plans for adjustment based on current economy downturn?

The date of value will remain as July 2007. This date is tied to the 10-year appraisal cycles as described in CUFFA. Whether the market has declined or increased over the past year or so is not relevant to the assignment. The appraisal cycles are set by legislation to occur not less than once every 10-years. The permit holder will need to endure the benefits or loss associated with an old appraisal until the next 10-year cycle. The volatility seen in the residential housing market is usually not as pronounced in the vacant rural land market. During the years of real estate value growth, the Forest Service did not reappraise lots to capture possibly higher values.

How do I get a copy of the typical lot appraisal?

Upon written request, a copy of the typical lot appraisal report and other supporting documentation, if any, will be provided to you. Please send your letter of request to:

Inyo National Forest Supervisors Office Attn: Ben Lara 351 Pacu Ln. Suite 200 Bishop, CA 93514

Mathematical How do I get access to appraised values on all tracts; not just mine?

Through the process of submitting a Freedom of Information Act (FOIA) request to the Forest. Your request will then be processed and handled through our Regional Office in Vallejo. The Forest Supervisor does not have the authority to release appraisals or values on lots other than your own. This request will be handled through the Director of Public Services.

What are the range of values throughout the forest; low to high?

The lowest 2007 10-year appraisal cycle value equals \$35,000. The highest 2007 10-year appraisal cycle value equals \$170,000

- Where did 5% come from?
  - Cabin User Fee Fairness Act (CUFFA). Since the 5% is now part of legislation, it will take additional legislation to have it possibly changed.
- Did the Forest Service take into account any sales of local cabins into the appraisal?

No. The appraisal assignment is to value the vacant lot that is under permit. Cabin sales within the tract are the sale price of just the structure with no land component.

- Were any of the comps dated within the last 6 months? Yes. Sales data ranged from 2001 to January 2008. There were actually two sales that were dated a few months after the date of value (January 2008). The appraiser used these two sales to lend credibility and substantiate the appraiser's decision not to adjust for time on sales that occurred after 2005. Prior to 2005, an upwards trend was apparent. From 2005 to 2007, the market had leveled out or flattened.
- This is not a typical time...Where does the "change" need to be made to reflect current conditions?

  As stated in a previous question, the date of value for this assignment is July 2007 which is tied to the 10-year appraisal cycle dates as described in the legislation.
- Where can I get a copy of CUFFA?

  A copy of CUFFA and the proposed rules are available for review at <a href="http://www.fs.fed.us/specialuses/">http://www.fs.fed.us/specialuses/</a>

- How can you compare someone with a right to a cabin with a private lot?
  - a. Recreation Residence Special Use Permit holders do not have 'rights' when it comes to the permit or the land. Permit holders are provided 'permission' to use and occupy National Forest System lands via the Special Use Permit as outlined in 36 CFR 251. 50, Definitions under 'Permit' and 'Recreation Residence Lot.'
  - b. Permit restriction are not considered in the appraisal of the typical lot, as it is treated as privately owned lot held in fee simple for the appraisal process. Under CUFFA, Section 606 requires the Secretary to "establish an appraisal process to determine the market value of the fee simple estate of a typical lot or lots considered to be in natural native state, subject to" ....adjustments for access and utilities provided by various parties.

Section 607 of the Act states: "(a) IN GENERAL- The Secretary shall establish the cabin user fee as the amount that is equal to 5 percent of the market value of the lot, as determined in accordance with section 606, reflecting an adjustment to the typical market rate of return due to restriction imposed by the permit, including—

- Limited term of the authorization
- Absence of significant property rights normally attached to fee simple ownership
- Public right of access to, and use of, any open portion of the lot on which the cabin or other enclosed improvements are not located.

## What is comparable to a lake front lot?

For those typical lots that have a water attribute, the appraiser tried to find comparable sales that represented the same orientation. If the comparable sale was not exactly representative, the appraiser then made a specific adjustment.

- If the legislation is not changed will the appraisal implementation and fees based on 5% go into effect? Yes
- If square footage governs site improvements (i.e. permit restrictive) will this be considered in appraisal or possibly changed in future?

  No, not at this time
- \*\*Restrictions" are they Forest Service or CUFFA rules?
  Restrictions are defined in CUFFA.
- How has my permit increased 100% when other consumer products (i.e. bread) have not?

  Over the past 10-years; California real estate has increased 100%; especially in mountain type resort areas or in areas with a water feature.
- What is an appraisal review?

This is a technical review of the appraisal reports submitted by the contracted appraiser to judge the appraisal report's compliance with Uniform Appraisal Standards for Federal Land Acquisitions, the Uniform Standards of Professional Appraisal Practice, and the Cabin Users Fee Fairness Act of 2000 along with specific project specifications, and to develop a credible opinion of the adequacy of the data and appropriateness of the analysis of the data relative to the final value conclusions.

Private land lots must meet "county" regulations to be valid. How does that compare with our permitted lots? As per the appraisal instructions derived from CUFFA, the appraiser was given instructions to make that assumption. The appraiser stated this "extraordinary assumption" in the appraisal report. The authorized use shall be considered a

legal use for purposes of the appraisal – other zoning and land use restrictions shall be considered. Another common term used to describe this situation is "grandfathering."

Grandfathering requirements recognized by local zoning authorities shall represent the capacity of the lot to meet current state and local government zoning and land use requirements.

- If my cabin was a typical, why was the neighboring cabin appraised at a lesser value? Only the typical lots of the group they represent were appraised and assigned a value. Fees for other lots will be based on the appraised value of the typical lot that represents them. The neighboring lot could be in a different typical lot grouping.
- then how were the amenities taken into account?

  The appraisal value is based upon the market value of the lot only, excluding cabin owner-provided structures and/or improvements. However, access, utilities, or facilities paid for or provided by the Forest Service or a third party are included as features of the lot being appraised as stated in the law. If the lot had an amenity such as a view or water feature, it would be reflected in the comparable sales that were used. The same is true to reflect negative attributes such as noise or being next to a campground, etc.
- How can we change the 5%?

  The 5% is designated through the law, CUFFA. The only way to change the 5% would be through new legislation.
- Was there an appraisal done in the mid-1990s?

Yes, an appraisal was completed on August 22, 1997. This is the mid-1990's appraisal in which the Forest Service is basing the new base land use rental fees for CY 2009.

- Can you take a graph of the value and take an average for the appraisal?
  - No. CUFFA establishes how recreation residence fees are assessed. Graphing and using an average would be in violation of the legislation and against the law.
- Private landowners can make improvements but as Recreation Residence we have no control; how is this considered? How are the two comparable for this process? Section 607 of CUFFA states: "(a) IN GENERAL- The Secretary shall establish the cabin user fee as the amount that is equal to 5 percent of the market value of the lot, as determined in accordance with section 606, reflecting an adjustment to the typical market rate of return due to restriction imposed by the permit, including—
  - Limited term of the authorization
  - Absence of significant property rights normally attached to fee simple ownership
  - Public right of access to, and use of, any open portion of the lot on which the cabin or other enclosed improvements are not located.

The two factors are not comparable; however, they fall under the "Absence of significant property rights normally attached to fee simple ownership." It is considered as part of the 5% fee determination; not in the appraisal.

Make the How are improvements (utilities, etc...) completed by a third party considered in appraisal process? Is this in CUFFA?

Yes, it is addressed in CUFFA under Section 606. Appraisals:

- "(a) REQUIREMENTS FOR CONDUCTING APPRAISALS- In implementing and conducting an appraisal process for determining cabin user fees, the Secretary shall--
  - (1) complete an inventory of improvements that were paid for by--
    - (A) the agency;
    - (B) third parties; or
    - (C) cabin owners (or predecessors of cabin owners), during the completion of which the Secretary shall presume that a cabin owner, or a predecessor of the owner, has paid for the capital costs of any utility, access, or facility serving the lot being appraised, unless the Forest Service produces evidence that the agency or a third party has paid for the capital costs;..."
- Appraisal factors include lake front/ lake view, etc... Did proximity to detrimental factors get included?

  Absolutely, these factors were included in the comparable sales that were selected and in the appraiser's analysis of the data.
- The 5% accounts for the "restrictions" on the permit... what factors go into the 5%?

  Restrictions are taken from CUFFA, Section 607 as stated above that include:
  - Limited term of the authorization
  - Absence of significant property rights normally attached to fee simple ownership
  - Public right of access to, and use of, any open portion of the lot on which the cabin or other enclosed improvements are not located.
- If we drilled a well for the cabin, is the well included in the appraisal?

Yes, it was included as an improvement made by the permit holder. However, the appraisal reflected that your lot did not have a developed water system.

How was the recreation residence lot size considered in the appraisal?

It was considered to the extent that a lot was capable of having only one building site. Size did not play a big valuation factor. Comparable sales used had similar lot size.

Is the IPD rate the 5%? How do they relate? What is it? How is it used?

The IPD rate is different than the 5% of your appraised lot value. IPD stands for Implicit Price Deflator and is based on Gross National Product. IPD serves as an index to account for inflation on an annual basis. After calculating 5% of your appraised lot value, the IPD rate is then multiplied by this number to establish your annual bill.

\*\* "Are my property taxes going to increase now that I have a higher appraisal value?"

The "possessory interest tax" may increase; however, that is under the jurisdiction of the County.

- If you use comparable sales in the appraisal process, how and why are there so many different values for each tract?

  Comparable sales and the appraiser's analysis takes into consideration the market area, physical access, season of access, topography, water feature(s), and various other positive and negative attributes specific to each typical lot.
- Who decided the typicals?

The same typical lots that were used in the 2007 10-year appraisal cycle were used from the last appraisal completed in 1997. If typical lots changes were made, additional

changes were primarily made based upon reasonable requests made by the permit holders for very specific reasons. For the most part, requests for any changes and additions to typical lots were granted unless unreasonable. The absolute final decision for typical lot selection is made by the Forest Supervisor with input from the Review Appraiser and Forest staff.

Why is there a large variance between tracts?

Each tract is unique when it comes to measurable marketable differences such as market area, physical access, season of access, topography, water feature and various other positive

and negative attributes specific to each tract or typical lot.

- Is it reasonable to think that 12 cabins in the same tract will all have the same value? It depends. Not all 12 lots may have the same measurable marketable differences. Some lots may have water frontage, some may have a view or a better view, or some may be closer to public roads, etc.
- Yes, included in your appraisal letter you will find a communications form to help us confirm you current contact information and solicit ways for improving our communication.
- Did you consider other comparable leases with other public entities? (i.e. DWP)

  No, not for this assignment. The appraisal instructions for fee determination were outlined in the CUFFA legislation and in the subsequent promulgated rules and policy.

The Recreation Residence Special Use Permit <u>is not a lease</u> as explained above pursuant to 36 CFR 2512.50, Definitions under Permit and Recreation Residence Lot.

What was the criterion for including factors like streams/ lake front/100ft distance?

**CUFFA states under Section 606 Appraisals:** 

- (3) ADJUSTMENTS FOR TYPICAL VALUE INFLUENCES-
  - (A) IN GENERAL- The appraiser shall consider, and adjust as appropriate, the price of sales of comparable land for all typical value influences described in subparagraph (B).
  - (B) VALUE INFLUENCES- The typical value influences referred to in subparagraph (A) include--
    - (i) differences in the locations of the parcels;
    - (ii) accessibility, including limitations on access attributable to--
    - (I) weather;
    - (II) the condition of roads or trails;
    - (III) restrictions imposed by the agency; or
    - (IV) other factors;
    - (iii) the presence of marketable timber;
    - (iv) limitations on, or the absence of, services such as law enforcement, fire control, road maintenance, or snow plowing;
    - (v) the condition and regulatory compliance of any site improvements; and
    - (vi) any other typical value influences described in standard appraisal literature.

Factors such as stream, lake fronts, setbacks, etc. is covered under the above (3)(B)(vi) "any other typical value influences described in standard appraisal literature."

If a second appraisal is completed, can the Forest Service retroactively bill back two billing cycles (2000)?

No. The opportunity to have a second appraisal completed that would have affected the 2000 billing cycle to current has

passed. The timeframe was May 2006 through May 2008. This was the "transition" time frame allotted by CUFFA.

- Are costs shared with Forest Service?

  No. The second appraisals conducted for the 2007 10-year appraisal cycle will be incurred by the permit holder.
- If one individual requests a 2<sup>nd</sup> appraisal for their typical, do all benefit who share that typical? If the second appraisal is approved at a lower price than the original, all cabins that are associated with that typical will be changed to the lower amount.
- Is there a statement of work? How is it related to the Forest Service interpretation of CUFFA?

  Yes. The appraisal contract instructions and specifications are included in the Addenda of the appraisal report. They were also passed out at all the lot inspections.
- If congress changes CUFFA in the spring, what and how are those changes going to be made?

  The Forest Service will take any actions necessary to comply with any changed legislation. The 2007 10-year appraisals will not be implemented until the 2011 billing cycle which gives the Forest Service plenty of time to reflect any changes.
- Is the 5% unique to the Inyo?

  No, the 5% of appraised lot value is a nationwide fee structure and is required by the law.
- What was the prior 5%?

  The 5% of appraised lot value has been in place since the beginning of the recreation residence program.